CHECKLIST ENVIRONMENTAL ASSESSMENT

Project Name:	True Oil, LLC Access Road Land Use License
Proposed Implementation Date:	November 2011
Proponent:	True Oil, LLC
Location:	Section 16, Township 11 North, Range 24 East (Common School Trust)
County:	Musselshell County

I. TYPE AND PURPOSE OF ACTION

The Proponent has applied to the DNRC Southern Land Office (SLO) for a Land Use License to permit the use of an existing two-track road to access private land for an exploratory oil and gas well. This request would allow the proponent access to private land from Graves Road across an existing road on state Trust land that generally runs parallel to the south section line. The road length on Trust land is ±5,450'. Earlier this year, there was seismic work performed in this area. This Land Use License request is for a term of approximately one year.

II. PROJECT DEVELOPMENT

1. PUBLIC INVOLVEMENT, AGENCIES, GROUPS OR INDIVIDUALS CONTACTED:

Provide a brief chronology of the scoping and ongoing involvement for this project.

No formal public scoping was performed by the Southern Land Office (SLO) for this proposed project. The state grazing lessee, Tranel Ranch, was contacted by True Oil, LLC. The SLO contacted the Natural Heritage Program and Patrick Rennie, DNRC Archaeologist.

The proposed project area was inspected earlier this year by Jeff Bollman, SLO Area Planner and Gary Brandenburg, SLO Land Use Specialist.

2. OTHER GOVERNMENTAL AGENCIES WITH JURISDICTION, LIST OF PERMITS NEEDED:

None.

3. ALTERNATIVES CONSIDERED:

Proposed Alternative: Approve the issuance of a Land Use License to allow road use by True Oil, LLC on State Trust land in Section 16-T11N-R24E in Musselshell County for an exploratory oil and gas wells on adjacent private land.

No Action Alternative: Deny the request by True Oil, LLC to utilize an existing two-track road on state Trust land.

III. IMPACTS ON THE PHYSICAL ENVIRONMENT

- *RESOURCES potentially impacted are listed on the form, followed by common issues that would be considered.*
- *Explain POTENTIAL IMPACTS AND MITIGATIONS following each resource heading.*
- *Enter "NONE" If no impacts are identified or the resource is not present.*

4. GEOLOGY AND SOIL QUALITY, STABILITY AND MOISTURE:

Consider the presence of fragile, compactable or unstable soils. Identify unusual geologic features. Specify any special reclamation considerations. Identify any cumulative impacts to soils.

The two-track road that is proposed to be utilized generally runs parallel to the south section line of the subject Trust land. The topography of the two-track is fairly flat as it leaves Graves Road on the west section line and hits some downward topography in the far southeast corner of the Trust land. This slope runs downward generally from the northwest to the southeast, along the line of the proposed access route. All motorized vehicle use would be limited to existing roads. Additionally, motorized vehicle use would occur only during dry or frozen soil conditions to minimize any soil erosion, compaction, and rutting. The soils in the proposed project area consist generally of well-drained loams. No significant impacts to geology and soil quality and stability are expected by the granting the License to utilize the existing two-track road.

5. WATER QUALITY, QUANTITY AND DISTRIBUTION:

Identify important surface or groundwater resources. Consider the potential for violation of ambient water quality standards, drinking water maximum contaminant levels, or degradation of water quality. Identify cumulative effects to water resources.

There is no water source within the proposed project area; therefore no significant impacts to water quality or quantity are expected by implementing the proposed alternative.

6. AIR QUALITY:

What pollutants or particulate would be produced? Identify air quality regulations or zones (e.g. Class I air shed) the project would influence. Identify cumulative effects to air quality.

No significant impact is expected to air quality, although there may be a minor temporary increase in particulate emission from machinery used during the proposed well drilling activities on adjoining private land. However, there is no drilling proposed on the Trust land by this proposal, only utilization of the existing access road. No significant impacts to air quality are expected by implementing the proposed alternative.

7. VEGETATION COVER, QUANTITY AND QUALITY:

What changes would the action cause to vegetative communities? Consider rare plants or cover types that would be affected. Identify cumulative effects to vegetation.

The proposed activity would only utilize an existing two-track road that traverses the Trust land and would provide access to adjoining private land from Graves Road on the west section line of the state land. All vehicles would be required to be washed, particularly the undercarriage, to assure removal of dirt and plant material and seeds prior to entering the Trust land. Additionally, all motorized vehicle use would occur only during dry or frozen soil conditions to minimize soil erosion, compaction, and rutting. A search of the Montana Natural Resource Information System (NRIS) database revealed no unique plants on this section. No significant impacts to vegetation cover, quantity and quality are expected by implementing the proposed alternative.

8. TERRESTRIAL, AVIAN AND AQUATIC LIFE AND HABITATS:

Consider substantial habitat values and use of the area by wildlife, birds or fish. Identify cumulative effects to fish and wildlife.

A variety of big game (mule deer and antelope), small mammals, raptors, songbirds, and grouse may traverse this area. The proposed project activities could disrupt wildlife movement and patterns. Due to the relatively limited duration, area proposed for the project activities and the limitation that no activities would be allowed between March 1 and July 15, most nesting and calving activities should not be affected. No significant impacts to terrestrial, avian and aquatic life and habitats are expected to occur as a result of implementing the proposed alternative.

9. UNIQUE, ENDANGERED, FRAGILE OR LIMITED ENVIRONMENTAL RESOURCES:

Consider any federally listed threatened or endangered species or habitat identified in the project area. Determine effects to wetlands. Consider Sensitive Species or Species of special concern. Identify cumulative effects to these species and their habitat.

After consulting the Montana Natural Resource Information System (NRIS) database, the only referenced species for this general area was the Greater Sage-Grouse. There were no leks identified within at least 6,400 meters of the subject section. The habitat for the Greater Sage-Grouse consists mainly of areas with high sagebrush. The subject property has some, but not much sagebrush vegetative cover, especially in the area to be utilized for road access. Also, the License will not allow any activity on the Trust land between March 1 and July 15 so that there would be no potential to disrupt lekking activity, if it were to occur on the Trust land. No significant impacts to unique or endangered species are expected by implementing the proposed alternative.

10. HISTORICAL AND ARCHAEOLOGICAL SITES:

Identify and determine effects to historical, archaeological or paleontological resources.

The DNRC Archaeologist was consulted and did not anticipate impacts due to the type of activity proposed. Additionally, when SLO staff visited the site in July, a visual survey of the project area was conducted and no cultural features were noted in the proposed project area. No significant adverse impacts to historical and archaeological sites are expected by implementing the proposed alternative.

11. AESTHETICS:

Determine if the project is located on a prominent topographic feature, or may be visible from populated or scenic areas. What level of noise, light or visual change would be produced? Identify cumulative effects to aesthetics.

The proposed project area is located in a sparsely populated area in northern Musselshell County with very few residences. Due to its location and the relatively short duration of actual proposed project activities, no significant impacts to aesthetics are expected by implementing the proposed alternative.

12. DEMANDS ON ENVIRONMENTAL RESOURCES OF LAND, WATER, AIR OR ENERGY:

Determine the amount of limited resources the project would require. Identify other activities nearby that the project would affect. Identify cumulative effects to environmental resources.

No significant impacts to environmental resources of land, water, air or energy are expected as a result of implementing the proposed alternative.

13. OTHER ENVIRONMENTAL DOCUMENTS PERTINENT TO THE AREA:

List other studies, plans or projects on this tract. Determine cumulative impacts likely to occur as a result of current private, state or federal actions in the analysis area, and from future proposed state actions in the analysis area that are under MEPA review (scoped) or permitting review by any state agency.

There are no other known state or federal environmental reviews taking place in the subject area. However, if the exploratory well on the private land is successful, it could result in additional oil and gas activity in this area. If an oil and gas well were proposed on this or other Trust land a separate environmental review would need to be performed before drilling could occur on the state land.

IV. IMPACTS ON THE HUMAN POPULATION

- *RESOURCES potentially impacted are listed on the form, followed by common issues that would be considered.*
- *Explain POTENTIAL IMPACTS AND MITIGATIONS following each resource heading.*
- *Enter "NONE" If no impacts are identified or the resource is not present.*

14. HUMAN HEALTH AND SAFETY:
Identify any health and safety risks posed by the project.

No significant adverse impacts to human health and safety are expected to occur as a result of implementing the proposed alternative.

15. INDUSTRIAL, COMMERCIAL AND AGRICULTURE ACTIVITIES AND PRODUCTION:
Identify how the project would add to or alter these activities.

No significant impacts to industrial, commercial and agricultural activities and production are expected to occur as a result of implementing the proposed alternative.

16. QUANTITY AND DISTRIBUTION OF EMPLOYMENT:
Estimate the number of jobs the project would create, move or eliminate. Identify cumulative effects to the employment market.

The proposed action is not expected to have a significant impact on the quantity and distribution of employment.

17. LOCAL AND STATE TAX BASE AND TAX REVENUES:
Estimate tax revenue the project would create or eliminate. Identify cumulative effects to taxes and revenue.

The limited duration of the proposed action and the nature of the activity would not have any significant positive or negative impacts to the local or state tax base.

18. DEMAND FOR GOVERNMENT SERVICES:
Estimate increases in traffic and changes to traffic patterns. What changes would be needed to fire protection, police, schools, etc.? Identify cumulative effects of this and other projects on government services

The implementation of the proposed alternative will not generate any additional demands on services provided by Musselshell County.

19. LOCALLY ADOPTED ENVIRONMENTAL PLANS AND GOALS:
List State, County, City, USFS, BLM, Tribal, and other zoning or management plans, and identify how they would affect this project.

Implementation of the proposed alternative will not conflict with any locally adopted plans.

20. ACCESS TO AND QUALITY OF RECREATIONAL AND WILDERNESS ACTIVITIES:
Identify any wilderness or recreational areas nearby or access routes through this tract. Determine the effects of the project on recreational potential within the tract. Identify cumulative effects to recreational and wilderness activities.

The subject Trust land has low to moderate recreational use potential, but it does have legal access via Graves Road that runs along the west section line. The proposed action may have a short term impact on recreational use quality of the tract since there may be a short overlap on the use of the road and the 2011 hunting season. However, the proposed action is of a relatively short duration, around one year of Licensed activity, and is not expected to have a significant impact on recreational and wilderness activities.

21. DENSITY AND DISTRIBUTION OF POPULATION AND HOUSING:
Estimate population changes and additional housing the project would require. Identify cumulative effects to population and housing.

No significant adverse impacts to density and distribution of population and housing are expected to occur as a result of implementing the proposed alternative.

22. SOCIAL STRUCTURES AND MORES:
Identify potential disruption of native or traditional lifestyles or communities.

There are no native, unique or traditional lifestyles or communities in the vicinity that would be impacted by the proposed alternative.

23. CULTURAL UNIQUENESS AND DIVERSITY:
How would the action affect any unique quality of the area?

The proposed alternative would not directly impact cultural uniqueness or diversity.

24. OTHER APPROPRIATE SOCIAL AND ECONOMIC CIRCUMSTANCES:
Estimate the return to the trust. Include appropriate economic analysis. Identify potential future uses for the analysis area other than existing management. Identify cumulative economic and social effects likely to occur as a result of the proposed action.

The proposed alternative to issue a Land Use License for road use would provide one-time payment of $300 to the Common Schools Trust. Depending on the results of the wildcat well on the adjoining private land, there could be future revenue from oil and gas development on the Trust land. True Oil, LLC is also the oil and gas lessee on the Trust land.

EA Checklist Prepared By:	**Name:**	Jeff Bollman	**Date:**	15 November 2011
	Title:	Southern Land Office Area Planner		

V. FINDING

25. ALTERNATIVE SELECTED:

After reviewing the Environmental Assessment, the proposed alternative has been selected and it is recommended that a Land Use License be issued to permit the use of the existing road to access private land for an exploratory oil and gas well. The proposed alternative can be implemented in a manner that is consistent with the long-term sustainable natural resource management of the area while also generating revenue for the common school trust.

26. SIGNIFICANCE OF POTENTIAL IMPACTS:

The potential for significant impacts from the proposed action is minimal based on the type of action proposed, the relatively short duration of the road use and the fact that the road to be used is an existing two-track and no additional construction is planned. Additionally, there were no plant species of concern identified on the tract and the only animal species, Greater Sage-Grouse, is not likely to frequent the site due to its lack of preferred habitat. All identified potential impacts will be avoided or minimized by utilizing the mitigations listed below and no significant impacts are expected to occur as a result of implementing the proposed alternative.

The mitigation measures that will be required by the issuance of the Land Use License include:

1. All vehicle traffic must stay on the permitted road.
2. The road will only be used in dry or frozen conditions.
3. The road shall only be used for access to an exploratory oil and gas well in Section 22, Township 11 North, Range 24 East.

4. All vehicles, particularly the undercarriage, must be washed prior to entering the tract to assure removal of dirt and plant material and seeds.
5. The Licensee shall be responsible for controlling any noxious weeds introduced by Licensee's activity on state Trust land and shall prevent or eradicate the spread of those noxious weeds onto land adjoining the subject section.
6. No road use will be allowed between March 1 and July 15.

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27. NEED FOR FURTHER ENVIRONMENTAL ANALYSIS:

[ ]	EIS	[ ]	More Detailed EA	[X]	No Further Analysis

EA Checklist Approved By:	**Name:**	Matthew Wolcott
	Title:	Southern Land Office Area Manager
Signature: /s/ Matthew Wolcott	**Date**:	15 November 2011